

SEE SUPERVISOR YAROSLAVSKY'S MOTION

SEE MEMO

AGN. NO. ____

MOTION BY SUPERVISOR ZEV YAROSLAVSKY

August 26, 2003

On January 1, 2003, AB 2777 (Nation) went into effect. This bill amended the County Employees Retirement Law of 1937 to permit certain Boards of Supervisors, including the Los Angeles County Board of Supervisors, to extend to domestic partners of County employees the same survivor benefits received by the spouses of eligible County employees who die either before or after retirement from County service. Both this Board and the Board of Retirement of LACERA actively supported the passage of AB 2777.

AB 2777 does not require that this benefit be extended; it allows the Board of Supervisors to do so at its option. On January 14, 2003, this Board asked LACERA to cause an actuarial analysis of the cost of providing this benefit to be conducted. On March 27, 2003 LACERA's actuary, Milliman USA, released its analysis which shows that in order to provide this benefit to our employees, the County's regular contribution to LACERA would have to be increased by \$900,000 a year. Additionally, the County would have to pay for the Actuarial Accrued Liability (AAL), amortized over 30 years. If this benefit were restricted to future retirees only, the cost of the AAL would be an additional \$900,000 a year; if the benefit were provided to current as well as future

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retirees, the cost of the AAL would be \$1.3 million a year. Thus the entire cost of implementing this benefit would be either \$1.8 million or \$2.2 million a year.

These are extremely small increases for a system the size of LACERA. Our current annual contribution to the system is \$511 million, so an additional \$2 million represents only a 0.39% increase. We are currently paying LACERA 10.24% of payroll; if this benefit is implemented that would go up to 10.28 or 10.29% - just a few hundredths of a percent. And our Actuarial Accrued Liability, which now stands at almost \$24.5 billion, would increase by only about \$20 million.

While these figures rest on a variety of assumptions, the Board can feel confident that if it implements this benefit, the cost will remain low. The City of Los Angeles Employees' Retirement System (LACERS) has provided survivor benefits to domestic partners since 1996 and has found the cost to be minimal. The City includes within its definition of "domestic partners" both same-sex and opposite-sex couples, while under State law, LACERA can only provide this benefit to an opposite-sex couple if at least one of the members is age 62 or older. Thus the burden of this benefit on LACERA should be less than that which has been reported by LACERS.

The Board should act now to offer this benefit – not just because its costs are minimal, but because it is the right thing to do. We currently offer medical and dental insurance coverage to the domestic partners of employees. An employee can buy life insurance through the County and make a domestic partner his or her beneficiary. An employee may also make a domestic partner a beneficiary for pension purposes such that if he or she were to die while still employed, the domestic partner would inherit the value of the employee's retirement plan. However, if the employee were to die after

retirement, the domestic partner is denied the benefit of a survivor's pension.

Making survivors' pensions available to domestic partners will help provide financial security and peace of mind to numerous County employees, thus ensuring a more stable and productive County workforce. Those who would benefit from this decision include many valued and long-serving employees. If these same employees were to marry, the County would automatically provide them with this benefit; thus its "cost" has in a sense already been assumed. The Board of Supervisors should act now to provide survivor benefits to the domestic partners of County employees in all retirement plans who retire after the implementation date.

Retirement Plan E members have no survivor benefit through LACERA if they die in active service. However, their survivors may enjoy a similar benefit through the MegaFlex Survivor Income Benefit Plan (for non-represented employees) and the Long-Term Disability Plan (for represented employees). Both of these plans should be revised to include domestic partners among the benefited survivors.

There are a variety of other benefits which employees in domestic partner relationships have requested be extended to them. The CAO has suggested that these be negotiated as part of the collective bargaining process. These include:

Retiree health insurance. An actuarial analysis by Buck Consultants has determined that, based on the same assumptions as were used in the survivor's pension study, the cost of providing this benefit would be approximately \$1.2 million per year. This would increase the County's cost by about one-half of one per cent. This benefit is currently provided to domestic partners of members of both LACERS (City of Los Angeles) and PERS (State employees).

Bereavement leave. Three years ago, the Board of Supervisors amended the County Code to add domestic partners to the list of family members for whom bereavement leave is provided. That amendment did not, however, provide for bereavement leave upon the death of a domestic partner's parents or children, as we currently provide for married employees. The CAO has estimated the cost of extending this benefit to be \$300,000.

Other benefits. There are various other County benefits which are available to spouses but not to domestic partners, including life insurance coverage and accidental death and disability coverage. Certain federal laws, such as COBRA (continuation of group health coverage) and the Federal Family Medical Leave Act (time off to care for a sick family member), require the County, like any employer, to extend certain benefits to its employees and their dependents. The County could of its own volition extend these benefits also to the domestic partners of employees.

I, THEREFORE, MOVE that the Board of Supervisors:

1. Adopt a resolution, as described in Section 31780.2 (c) of the California Government Code, to make Section 31780.2 operative in Los Angeles County and extend survivor's benefits to the domestic partners of employees who retire after the implementation date.
2. Amend the Survivor Income Benefit Plan and the survivor benefit portion of the Long-Term Disability Plan available to LACERA Plan E members to provide to surviving domestic partners the same benefits currently provided to surviving spouses and dependent children.
3. Include the following in the County's bargaining position for fringe benefits

with employees: the provision of retiree health insurance for domestic partners; the provision of bereavement leave for parents and children of domestic partners; the extension of life insurance and accidental death and disability insurance coverage to domestic partners; and the provision of COBRA and FMLA benefits to domestic partners of County employees.

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i:motions/add/domestic partner omnibus abk

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF LOS ANGELES MAKING APPLICABLE CERTAIN PROVISIONS
OF THE COUNTY EMPLOYEES RETIREMENT LAW RELATING TO
SURVIVOR BENEFITS APPLICABLE IN THE COUNTY OF LOS ANGELES
FOR DOMESTIC PARTNERS

WHEREAS, it is the desire and intent of the Board of Supervisors of the County of Los Angeles to implement the provisions of Government Code Section 31780.2 in the County of Los Angeles by making applicable certain provisions of the County Employees Retirement Law relating to survivor benefits for domestic partners of current and future retirees;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Survivor benefits accorded to spouses of eligible County employees shall be accorded, to the same extent and subject to the same conditions, to domestic partners of eligible County employees, except as limited by Government Code Section 31780.2 (b) relating to the benefits accorded certain surviving dependent children.

2. These benefits shall be accorded to domestic partners of employees who are currently retired and to domestic partners of employees who retire after the date this resolution is adopted.

3. Government Code Section 31780.2 shall be operative and applicable to the County of Los Angeles solely to the extent required to implement the purpose of this Resolution.

The foregoing resolution was on the _____ day of _____, 2003, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS, Executive Officer-
Clerk of the Board of Supervisors of
the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM
BY COUNTY COUNSEL

LLOYD W. PELLMAN

By David B. Keley
Deputy



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
500 WEST TEMPLE STREET
SUITE 437
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MARK J. SALADINO
TREASURER AND TAX COLLECTOR

August 25, 2003

The Honorable Board of Supervisors
County of Los Angeles
Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Re: **AGENDA ITEM 29, MEETING OF AUGUST 26, 2003**

Dear Supervisors:

Agenda item number 29 on your Board's agenda for August 26, 2003, is Supervisor Yaroslavsky's recommendation to implement AB 2777, legislation which would extend various retirement survivor benefits to registered domestic partners of County employees. In addition, Supervisor Yaroslavsky's motion directs the County's labor negotiators to include fringe benefit equality for domestic partners in the County bargaining position.

As a LACERA trustee, a department head, and a concerned County employee, I strongly urge your Board to adopt Supervisor Yaroslavsky's recommendation.

As you probably know, LACERA's Board of Retirement supported the passage of AB 2777. In my capacity as a fiduciary of the system I believe that implementation of the legislation by your Board is important not only as a matter of principle, but because survivor benefits are paid for by all County employees in contributory plans, regardless of whether they are single, married or partnered. Any incremental costs to the County resulting from correcting the current inequitable treatment of domestic partners is minimal both in absolute terms and as an percentage of payroll.

As a department head, I believe that implementation of AB 2777 is an important tool to recruit and retain qualified employees. Many other California public retirement systems already provide domestic partner survivor benefits –

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including the City of Los Angeles retirement system – and our failure to offer them puts us at a competitive disadvantage.

The implementation of AB 2777 is also fully consistent with your Board's existing policy of extending benefits to domestic partners of current, in-service County employees. There is no rational policy basis for extending only certain benefits to domestic partners, and Supervisor Yaroslavsky's recommendation goes a long way toward harmonizing the benefit structure for all County employees in committed relationships, at minimal expense.

Finally, I would ask each of you to consider the implications of your vote on agenda item 29 in terms of the message it sends to County employees. A vote against the recommendation implies contempt for the stable, committed relationships of thousands of County employees in domestic partnerships. Alternatively, a vote in favor of the recommendation demonstrates your respect for families as well as recognition of the important governmental interest in fostering a society in which all families are treated with equal dignity.

For all of the foregoing reasons I encourage you to vote "yes" on agenda item number 29.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

c: Executive Officer